

37.106 Funding and term of service contracts.

(a) When contracts for services are funded by annual appropriations, the term of contracts so funded *shall* not extend beyond the end of the fiscal year of the appropriation except when authorized by law (see paragraph (b) of this section for certain *service contracts*, [32.703-2](#) for contracts conditioned upon availability of funds, and [32.703-3](#) for contracts crossing fiscal years).

(b) The head of an *executive agency*, except NASA, *may* enter into a contract, exercise an *option*, or place an order under a contract for severable services for a period that begins in one fiscal year and ends in the next fiscal year if the period of the contract awarded, *option* exercised, or order placed does not exceed oneyear ([10 U.S.C.2410a](#) and [41 U.S.C.3902](#)). Funds made available for a fiscal year *may* be obligated for the total amount of an action entered into under this authority.

(c) Agencies with statutory multiyear authority *shall* consider the use of this authority to encourage and promote economical business operations when acquiring services.

Parent topic: [Subpart 37.1 - Service Contracts-General](#)